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## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

DDI 7384-82.  
14 September 1982

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: [REDACTED] A/NIO/NESA

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SUBJECT: The Fez Summit

1. As expected the Fez summit did not enthusiastically endorse President Reagan's peace initiative. Nonetheless, despite some negative elements, the summit's formal results do leave open several possibilities for creative diplomacy.

2. The summit communique explicitly states the principle that the Arab states' goal in their conflict with Israel is "a just peace." For the first time in the history of the conflict, the Arabs are united behind the concept of a peaceful settlement. This has already produced a violent rhetorical blast from the true radicals in the area -- Libya has called the summit's participants "cowards" and Iran has labeled the results "treason" for implying "recognition of the Zionist entity." Despite this, Syria, the PLO and 18 other Arab states now are on record as implicitly accepting Israel within the 1967 borders.

3. Perhaps even more important, the summit's results leave open the question of how to negotiate a peace agreement. As President Mubarak has already noted, the Fez communique lists the Arabs' goals but gives no mechanisms for achieving them. The only recommendation is for a seven-country delegation headed by Saudi Arabia to visit key world capitals to discuss both the summit's proposals and the Reagan initiative.

-- As a result, the summit does not rule out Jordanian involvement in the peace talks. While Fez reiterates the Rabat formula that the PLO is "the sole legitimate representative" of the Palestinians, it in no way prevents Hussein and Arafat from making a deal to let Amman negotiate for the West Bank. The PLO and Jordan could, for example, form a joint negotiating team under King Hussein's leadership but with several PLO-approved West Bankers among the negotiators. (This would have many advantages for the US since it would enhance Jordan's credibility as a negotiator.)

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4. The summit's call for "an independent Palestinian state" is obviously incompatible with the Reagan initiative and will be a problem. There is a way around this, however, if all sides accept the principle that independence can be a long term option for the West bank only after an extended transitional period (10-15 years) of linkage with Jordan. Israel could retain some veto right over independence (it will always have the military option to intervene).

5. The key is how the Arabs interpret Fez. It appears that the Saudis coaxed Syria into accepting a modified Fahd plan and a pro-Iraqi stance on the Persian Gulf war in return for postponing action to formally return Egypt to Arab ranks. The trade-off was the most the moderates probably could have hoped for. Now the question is will Hussein, Arafat and Fahd be willing to let Jordan actually negotiate. The key determinant will be how they judge our willingness to press Israel to accept the Reagan initiative, especially the settlements freeze.

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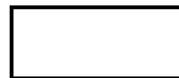
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